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April 3, 1998

David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

VIA HAND DELIVERY

Re: BellSouth Telecommunications, Inc.'s Entry Into Long Distance (InterLATA) Service in
Tennessee Pursuant to Section 271 of the Telecommunications Act of 1996; Docket No.
97-00309

Dear Mr. Waddell:

It has come to my attention that pages 27 and 28 of the testimony of Julia Strow on behalf of Intermedia Communications, Inc. in the above-referenced matter was inadvertently missing from the service copies mailed March 27, 1998. I can only assume they were also missing from the original and 13 copies of the testimony filed with the Authority. I am therefore enclosing for filing the original and 13 copies of pages 27 and 28. I apologize for any inconvenience.

Sincerely,



LaDon Baltimore
LDB/dcg

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1 elements from an ILEC, as required by the Section 251 and specifically upheld by the
2 Eight Circuit. The situation in South Carolina with respect to this issue is the same as in
3 Tennessee.

4 In particular, I understand that BellSouth is still formulating its policy on the issue
5 as it relates to unbundled elements and collocation. BellSouth has made its position on
6 collocation very clear to Intermedia—currently, BellSouth's policies prohibit a CLEC
7 from obtaining combinations of UNEs unless they have physical collocation
8 arrangements in place with BellSouth.

9 In October 1997, BellSouth informed Intermedia that it interpreted a ruling by the
10 8th Circuit Court of Appeals to mean that Intermedia cannot obtain the loop that delivers
11 service to its end user customers with the interoffice transport that carries the service to
12 Intermedia's switch unless Intermedia physically collocates in BellSouth's central office.
13 BellSouth admits that it is obligated to provide unbundled loops and interoffice transport
14 to CLECs, but not states that CLECs cannot have access to the two together unless they
15 are physically collocated. This position is fundamentally unreasonable, as a matter of
16 public policy and plain common sense.

17 First, as a practical matter, an unbundled loop and an unbundled interoffice
18 transport do not work unless they are connected together—BellSouth cannot meet its
19 obligation to provide UNEs to CLECs by providing them two elements that are not
20 connected and that have no functionality unless they are connected. Second, by forcing
21 CLECs to physically collocated every time they want a loop/transport combination to
22 serve a customer effectively prevents CLECs from entering the local services market
23 using UNEs. Physical collocation is very expensive and typically can take six months or

1 more to implement. At the outset, BellSouth claims that renovations are necessary before
2 collocation can be proved in most central offices. These renovations can cost a hundred
3 thousand dollars or more. Then, actually building the collocation arrangement typically
4 costs \$30,000 or more per central office. Finally, CLECs have to build out cable to the
5 central office, which entails digging up the streets, and can easily cost \$300,000 to
6 \$500,000 or more. When all these costs are considered, a single collocation arrangement
7 typically costs between half a million and one million dollars.

8 BellSouth takes the position that Intermedia cannot use its existing virtual
9 collocation interconnection arrangements to obtain a combination of loop and interoffice
10 transport, but instead must convert these arrangements to physical collocation
11 arrangements to accomplish this. This interpretation of the 8th Circuit's decision is
12 unreasonable and unfair on its face, and clearly violates both the letter and spirit of the
13 Communications Act. As long as BellSouth maintains that CLECs must physically
14 collocate in order to obtain unbundled loops and transport, it cannot be found to meet
15 Checklist Items 2, 4, and 5—which impose the obligation to provide UNEs. I note that
16 Intermedia has proposed to BellSouth different approaches that would significantly
17 reduce space requirements and the cost of physical collocation, including reducing the
18 size of the central office space that a CLEC has to buy.

19 **Q: IS BELL SOUTH IN COMPLIANCE WITH ITS INTERCONNECTION AND**
20 **RECIPROCAL COMPENSATION OBLIGATIONS?**

21 **A:** No. BellSouth's refusal to pay reciprocal compensation for local Internet traffic renders
22 BellSouth noncompliant with the interconnection and mutual compensation provisions of